

manufacturer's domestically manufactured passenger car fleet.

*Vintage* means, with respect to a credit, the model year in which the credit was earned.

**§ 536.4 Credits.**

(a) *Type and vintage.* All credits are identified and distinguished in the accounts by originating manufacturer, compliance category, and model year of origin (vintage).

(b) *Application of credits.* All credits earned and applied are calculated, per 49 U.S.C. 32903(c), in tenths of a mile per gallon by which the average fuel economy of vehicles in a particular compliance category manufactured by a manufacturer in the model year in which the credits are earned exceeds the applicable average fuel economy standard, multiplied by the number of vehicles sold in that compliance category. However, credits that have been traded between credit holders or trans-

ferred between compliance categories are valued for compliance purposes using the adjustment factor specified in paragraph (c) of this section, pursuant to the "total oil savings" requirement of 49 U.S.C. 32903(f)(1).

(c) *Adjustment factor.* When traded or transferred and used, fuel economy credits are adjusted to ensure fuel oil savings is preserved. For traded credits, the user (or buyer) of credits must multiply the calculated adjustment factor by the number of its shortfall credits it plans to offset in order to determine the number of equivalent credits to acquire from the earner (or seller). For transferred credits, the user of credits must multiply the calculated adjustment factor by the number of its shortfall credits it plans to offset in order to determine the number of equivalent credits to transfer from the compliance category holding the available credits. The adjustment factor is calculated by the following formula:

$$A = \left( \frac{VMT_u * MPG_{ac} * MPG_{se}}{VMT_e * MPG_{au} * MPG_{su}} \right)$$

Where *A* = Adjustment Factor applied to traded or transferred credits;

*VMT<sub>e</sub>* = Lifetime vehicle miles traveled for the compliance category in which the credit was earned: 150,922 miles for domestically manufactured and imported passenger cars, 172,552 miles for light trucks;

*VMT<sub>u</sub>* = Lifetime vehicle miles traveled for the compliance category in which the credit is used for compliance: 150,922 miles for domestically manufactured and imported passenger cars, 172,552 miles for light trucks;

*MPG<sub>se</sub>* = Required fuel economy standard for the originating (earning) manufacturer, compliance category, and model year in which the credit was earned;

*MPG<sub>ac</sub>* = Actual fuel economy for the originating manufacturer, compliance category, and model year in which the credit was earned;

*MPG<sub>su</sub>* = Required fuel economy standard for the user (buying) manufacturer, compliance category, and model year in which the credit is used for compliance;

*MPG<sub>au</sub>* = Actual fuel economy for the user manufacturer, compliance category, and model year in which the credit is used for compliance.

**§ 536.5 Trading infrastructure.**

(a) *Accounts.* NHTSA maintains "accounts" for each credit holder. The account consists of a balance of credits in each compliance category and vintage held by the holder.

(b) *Who may hold credits.* Every manufacturer subject to fuel economy standards under 49 CFR parts 531 or 533 is automatically an account holder. If the manufacturer earns credits pursuant to this regulation, or receives credits from another party, so that the manufacturer's account has a non-zero balance, then the manufacturer is also a credit holder. Any party designated as a recipient of credits by a current credit holder will receive an account from NHTSA and become a credit holder, subject to the following conditions:

(1) A designated recipient must provide name, address, contacting information, and a valid taxpayer identification number or social security number;